

MINUTES
CYPRESS FOREST PUBLIC UTILITY DISTRICT

June 1, 2010

The Board of Directors (the "Board") of Cypress Forest Public Utility District, Harris County, Texas (the "District"), met in regular session, open to the public, on the 1st day of June 2010, at the Cypress Forest Public Utility District Administrative Building, 16215 Champion Forest Drive, Spring, Texas 77379, inside the boundaries of the District, and the roll was called of the members of the Board:

Fred P. Jones	President
Greg DiCioccio	Vice President
Michael J. Lynch, Jr.	Secretary
Thomas J. Petrick	Assistant Secretary
David Normand	Assistant Vice President

and all of the above were present, thus constituting a quorum.

Also present for all or part of the meeting were the following: Kim Shelnett of Myrtle Cruz, Inc.; Greg Ordeneaux of Tax Tech, Inc.; Nabil Joubran of Pepe Engineering, Ltd. ("Pepe Engineering"); Todd Burrer of SWWC Services, Inc. ("SWWC"); Greer Pagan of Allen Boone Humphries Robinson LLP ("ABHR"); Justine M. Cherne, Recording Secretary; and persons on the attached attendance sheets.

Director Jones called the meeting to order.

PUBLIC COMMENTS

Director Jones explained that Board discussion regarding development of the Raveneaux Country Club tract would occur at the end of the agenda to allow for the District's business to be conducted and the opportunity for more residents to be present during the discussion. He opened the meeting for public comments. There were no public comments.

CONSENT AGENDA:

APPROVE MINUTES

FINANCIAL AND BOOKKEEPING, INCLUDING PAYMENT OF BILLS

TAX ASSESSMENT AND COLLECTION, INCLUDING PAYMENT OF BILLS

ENGINEERING, INCLUDING LONG-TERM MAINTENANCE PLAN

OPERATION OF DISTRICT FACILITIES

Minutes of the regular and special meetings of the Board of Directors held on May 4, and 19, 2010, were previously distributed. Upon a motion made by Director Lynch and seconded by Director DiCioccio, the Board voted unanimously to approve

the items on the Consent Agenda. Copies of the bookkeeper's report, the tax assessor/collector's report, the engineer's report, and the operator's report are attached.

ADDITIONAL TAX ASSESSMENT COLLECTION ACTION ITEMS

Mr. Ordeneaux reviewed preliminary assessed valuations received from the Harris County Appraisal District and stated that additional information will be distributed to the Board.

The Board next reviewed a list of delinquent accounts. Following review and discussion, Director Petrick moved to authorize the delinquent tax attorney to proceed with the collection of delinquent taxes. Director DiCioccio seconded the motion, which was approved by unanimous vote.

TRAVEL REIMBURSEMENT GUIDELINES

Mr. Pagan next discussed with the Board the District's policies for reimbursement of eligible expenses for the Association of Water Board Directors ("AWBD") conferences. Director Petrick noted that discretionary expenses need to be minimized due to increased District expenses. Following review and discussion, Director Petrick moved to approve payment of two per diems for the summer conference. Director Normand seconded the motion, which was approved by unanimous vote.

ADDITIONAL FINANCIAL AND BOOKKEEPING ACTION ITEMS

Discussion ensued regarding the District's budget, including increased expenses for repair and maintenance. Following discussion, the Board concurred to use surplus funds for the cost of the replacement of two lift station pump motors.

Ms. Shelnutt next reviewed two additional checks for payment of litigation and meeting expenses, and an additional check for payment of renewal of the District's insurance policies, subject to receipt of an invoice for the policies. Following review and discussion, Director Lynch moved to approve the additional checks as presented. Director Petrick seconded the motion, which was approved by unanimous vote.

ADDITIONAL ENGINEERING ACTION ITEMS

Mr. Joubran reported that he is coordinating with SWWC and ABHR on a request for a utility capacity reservation received from the owner of Triple Crown Bingo to open in the shopping center located at 8921A Louetta Road. He stated that he is waiting for the owner to forward to him adequate plans for the proposed business. Following discussion, the Board requested that Mr. Joubran additionally request from the owner a copy of the documents approving operation of the business.

DRAINAGE DITCH MAINTENANCE AND REPAIR

Mr. Joubran stated that Pepe Engineering continues to coordinate with Director DiCioccio on a proposed plan for the repair and maintenance of the failures at different locations along the banks and bottom of the drainage channel located between Cypresswood Boulevard and Cypress Creek, and at the upstream side of the metal outfall pipe. He stated that no additional erosion was found during a recent site visit. Mr. Pagan stated that he does not believe that Cy-Champ P.U.D. is required to share in the costs of the project. Discussion ensued regarding the estimated costs for the project and anticipated construction in the channel planned by the owners of the Raveneaux Country Club tract. Following discussion, the Board requested that Mr. Joubran contact the engineer for the owners of the tract to determine their plan for the channel.

ADDITIONAL DISTRICT FACILITY OPERATIONS

Mr. Burrer responded to Board members' questions regarding water accountability and noted that the District's valves are flushed every month. Following discussion, the Board requested that he notify Mr. Gustafson that the Board requested that water accountability be closely monitored.

Mr. Burrer noted that Mr. Gustafson is working with Badger Meter, Inc., a company that installs meters with 24-hour automated broadcasting of readings, to develop a proposal for the District. He asked whether the Board would like to receive a proposal for automated meters from another company, Neptune Meter Company. Discussion ensued regarding the estimated costs for such meters. Following discussion, the Board authorized Director Normand to discuss such proposal options with Mr. Gustafson.

Discussion ensued regarding whether to rent or purchase a generator for the District's lift stations in preparation for the upcoming hurricane season, and prior handling of such issue by the Board. Following discussion, the Board authorized Director Normand to discuss such options with Mr. Gustafson and requested that a recommendation be made at next month's Board meeting.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE

The Board next conducted a hearing on the termination of water service. Mr. Burrer reviewed the list of top ten residential and commercial usage accounts. He reported that the customers included on the termination list attached to the operator's report were delinquent by more than 50 days and had been given written notice 10 days prior to this meeting of the opportunity to appear before the Board of Directors to explain, contest, or declare why the utility service should not be terminated for reason of nonpayment. Following discussion, Director Petrick moved that since the residents were neither present at the meeting nor had presented any written statement on the matter, the utility service to those residents be terminated in accordance with the

District's Rate Order. Director Lynch seconded the motion, which was approved by unanimous vote.

PUBLIC COMMUNICATIONS

Director Normand discussed the District's public communication activities, including information for placement into the Champion Forest Women's Club Newsletter regarding impending water rate increases due to surface water conversion. Director Jones noted that the Director and officer information included on the District's web site needs updating.

MATTERS RELATED TO NHCRWA

Director DiCioccio reported that the meeting of the Board of Directors of the North Harris County Regional Water Authority is scheduled next week.

KLEINWOOD REGIONAL WASTEWATER TREATMENT PLANT

Director Lynch reported on the Joint Powers Board meeting and the operations and maintenance of the Kleinwood Regional Wastewater Treatment Plant, including development of next year's budget and expected increased operating costs.

HOMEOWNERS ASSOCIATION MATTERS

Director Jones reported on the National Night Out event planned by the Champion Forest Maintenance Fund, Inc. (the "HOA") and recommended making the requested contribution amount of \$750.00. Following discussion, Director Petrick moved to contribute \$750.00 to the HOA for the event. Director DiCioccio seconded the motion, which was approved by unanimous vote.

REPORT ON WATER CONSERVATION PLAN ACTIONS

Director Normand reported on his review of the District's Water Conservation Plan and noted that the District's water users need to use 10 gallons less of water each day for the District to reach its goals. The Board noted that discussion of the District's water conservation goals should be a newsletter article.

MEETING SCHEDULE AND AGENDA

The Board next discussed their meeting schedule and items for inclusion on the next meeting agenda.

RAVENEUX TRACT DEVELOPMENT, WEST END TRAIL/18TH HOLE PROJECT,
AMENDMENT TO AGREEMENT, PRELIMINARY OFFICIAL STATEMENT AND
OFFICIAL NOTICE OF SALE

Director Jones addressed the public regarding the District's Raveneaux Redevelopment Agreement (the "Agreement") with JP Raveneaux Partners LP and Kera Development LP (the "Developers"), the proposed Ninth Amendment to the Agreement, and related development issues. He stated that a meeting attendee noted that the Board had not placed the Board's proposed revised draft of the Ninth Amendment onto the District's website. He explained that the Board needs to review and consider the proposed revised draft prior to posting the document onto the District's web site. He stated that, at this time, the document is the working draft of the District's attorney. He stated that any document agreed upon tonight will be posted onto the District's web site.

Mr. Pagan next summarized his discussion with the attorney for the Developers regarding the proposed annexation provision included in the Developers' proposed draft of the Ninth Amendment and stated that the Developers have not yet responded. He and the Board then performed a detailed review and discussion of the proposed revised Ninth Amendment drafted by Mr. Pagan. Mr. Pagan responded to Directors' questions regarding closing procedures, procedures for approving development, and performance of a Phase I Environmental Study Assessment. Mr. Pagan stated that the District will need to hire a consultant to perform the Phase I Environmental Study Assessment prior to closing on the tract. Discussion ensued regarding the trail easement and the Developers' flood plain remediation plan. Additional discussion ensued regarding communicating to the Developers the provisions of the proposed Ninth Amendment that are required by the Board and the Board's request for a right of entry agreement.

Director Jones opened the meeting for public comments. Two meeting attendees commented on the proposed Ninth Amendment and Director Jones and Mr. Pagan responded to a question regarding the process for forwarding a proposed Ninth Amendment to the Developers.

Following review and discussion, Director Lynch moved to approve forwarding of the proposed Ninth Amendment to the Developers as modified during discussion and to post the document onto the District's web site for comments. Director DiCioccio seconded the motion, which was approved by unanimous vote. Director Petrick moved to appoint Directors Jones and Normand to the Board's committee on the development of the Raveneaux Country Club tract, and to authorize Director Jones to draft a second Board member as a member of the committee during any absence of Director Normand. Director Lynch seconded the motion, which was approved by unanimous vote.

CONVENE IN EXECUTIVE SESSION, RECONVENE IN OPEN SESSION

The Board did not convene in executive session.

There being no other matters to come before the Board, the meeting was adjourned.


Secretary, Board of Directors

(SEAL)



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